Weekly Economic Review

Retail sales fully recovered from downturn

Retail Sales

Broader gains in sales

Retail sales have fully recovered from the downturn to reach a new all-time high in May. Seasonally adjusted retail sales in Alberta rose 1.6% month-over-month (m/m) to $6.8 billion. The increase was driven by continued strength in vehicle and gasoline station sales, along with gains in other categories. On a year-over-year (y/y) basis, retail sales improved by 9.0% led by greater sales in motor vehicle and part dealers (+26% y/y) and gasoline stations (+20% y/y) as well as strong gains in electronics and appliance stores, building materials and garden supply stores, and general merchandise (Chart 1).

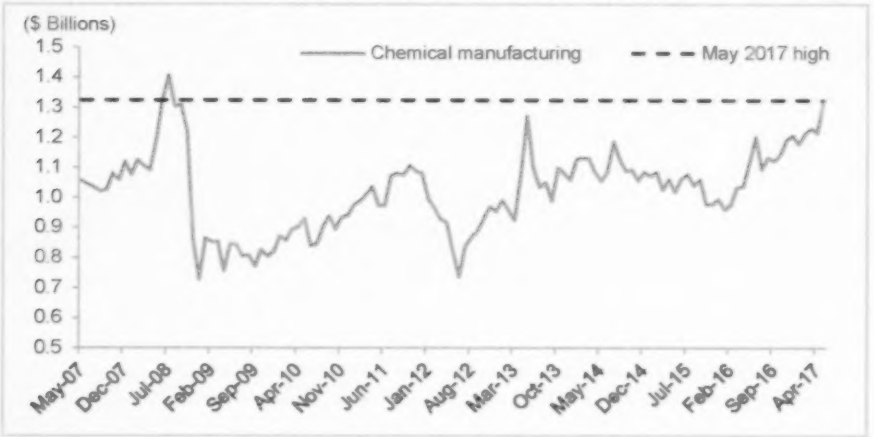
Chart 1: Broad gains in May sales from a year ago

Year-over-year growth in Alberta's retail sales (not seasonally adjusted)

Source: Statistics Canada

Chart 2: Chemical shipments near record highs

Value of Alberta chemical manufacturing shipments



Source: Statistics Canada

Manufacturing Shipments

Chemicals jump in May

Manufacturing shipments continue to recover, boosted by higher chemical sales. The value of Alberta's shipments rose 1.3% in May from April to $6.1 billion, led by gains in the chemical industry (+8.9% m/m), which reached the highest level since July 2008 (Chart 2). Shipments were also supported by the continued recovery in machinery sales (+5.2% m/m). Conversely, sales of paper products fell (-12% m/m) while petroleum and coal (-1.3% m/m) was weighed down by lower prices. Compared to the previous May, shipments were up 18%.

Resale Housing

Resale prices close near record

Alberta's housing market held steady in June. The number of seasonally adjusted home sales rose 1.7% m/m, accompanied by a 2.9% m/m increase in new listings. This kept the market in balance with the sales-to-new listing ratio at 44.5. Meanwhile, the average resale price continued to move higher, and in June was 0.9% shy of the record high set in November 2014.

Consumer Price Index

Inflation slows

Alberta's inflation rate eased in June to reach the slowest pace in eight months. The consumer price index (CPI) fell from 1.2% y/y growth in May to 0.4% y/y in June, as energy prices declined

year-over-year for the first time in seven months. Excluding food and energy prices, inflation was at 0.8% y/y, as higher prices for services were capped by lower prices for rent, homeowner's replacement cost, and purchasing and leasing of passenger vehicles.

Non-Residential Investment

Investment continues to languish

Alberta's non-residential investment in the second quarter of 2017 rolled back the gains made in the previous quarter to hit the lowest level in 14 quarters (Chart 3). Non-residential investment decreased 2.7% quarter-over-quarter (q/q) to $2.5 billion due to weaker spending on both commercial (-2.3% q/q) and institutional (-6.9% q/q) building construction. The decline was moderated by a rise in industrial structures (+8.3% q/q). Despite the decrease, Alberta's the level of investment remains the second highest across Canada, accounting for 20% of total Canadian investment.

Employment Insurance

Beneficiaries continues to decline

The number of Employment Insurance (EI) claims continued to decline in May along with fewer Albertans receiving regular EI benefits. The number of seasonally adjusted EI claims decreased 6.1% m/m to 22,960 the lowest level since December 2014. With the amount EI claims declining, the number of Albertans receiving regular EI benefits dropped 7.2% m/m to 71,950, the lowest level since March 2016. On a year-over-year basis, regular beneficiaries declined for the first time since December 2014.

International Travel

Strength in non-residential visitors

The tourism sector continues to get a boost from international travellers. The number of non-resident visitors entering Canada through Alberta totalled 88,586 in May, up 7.4% y/y. After pausing in the previous two months, there was a jump in US visitors (+6.7% y/y), while non-US visitors continued to grow (Chart 4). However, the numbers of returning Canadians through Alberta decreased (-2.7% y/y) suggesting more Canadians were opting to stay closer to home.

Helped by better weather and an improving economy, there were more visitors attending this year's Calgary Stampede. The ten day event saw an increase of 10% from 2016 and with gate attendance of 1,214,972.

Chart 3: Alberta non-residential investment wanes

Total non-residential investment by building type

Source: Statistics Canada

Chart 4: Uptick in US travellers while non-US strengthens

Year-over-year growth in non-residential tourist entering Alberta

Source: Statistics Canada

Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.